



# Illinois Department of Revenue

Springfield IL 62719-0001

## Booklet IL-700 • Illinois Payroll/Withholding Income Tax Returns and Instructions

### Inside this booklet

- **Form IL-941**  
Illinois Quarterly Withholding  
Income Tax Return
- **Form IL-501**  
Illinois Withholding Income  
Payment Coupon
- **Form IL-W-3**  
Illinois Annual Withholding  
Income Tax Return  
(Reconciliation)
- **Related forms**  
IL-5754  
IL-W-3  
IL-W-4 and IL-W-4-G  
IL-W-5 and IL-W-5-NR  
CSB-1
- **Amended Forms**  
IL-941-X and IL-W-3-X



*We keep adding new services to make it easier for you.*

**You may file and pay electronically with these options.**

From your computer to ours, use

- **TaxNet** to file and pay both your
  - Illinois Unemployment Insurance Tax and Wage Reports (UI-3/40), and
  - Illinois withholding income tax returns (Forms IL-501, IL-941, and IL-W-3).
- **Federal/State Employment Taxes Program (FSET)** if you are a large employer or payroll company to file and pay both federal and Illinois employment taxes.

To participate, you may use a payroll service provider or develop your own software. Visit our web site for software specifications.
- And, coming soon, the **Electronic Federal Tax Payment System (EFTPS)** that you may currently use to pay your federal taxes will expand to include Illinois payroll taxes. Visit our web site for up-to-date information.

**You can pay electronically no matter how you file..**

**Electronic Funds Transfer (EFT)** is an electronic payment method that you may use (or may be required to use) to pay your tax liabilities. Instead of writing a check for the amount you owe, you instruct your financial institution to transfer the funds from your account to ours.

There are two options with EFT. **ACH credit** instructs your financial institution to transfer funds from your account to ours. **ACH debit** is your instruction to us to take the payment from your account. You must be preregistered on Form EFT-1 and follow specific instructions for each method.

**Other electronic services for business...**

- *file and pay other taxes*
  - *sales and use*
  - *gas and gas use*
  - *income tax - sole proprietors*
- *pay other tax liabilities - even if you file on paper*
- *register a new business*
- *inquire if a business is registered*
- *and, coming soon, update your business registration information or address*

*- Secure - Fast - Easy -*

**tax.illinois.gov**

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# General Information

## What is the purpose of this booklet?

This booklet answers general questions about withholding Illinois Income Tax. It also

- explains how to withhold, pay, and report Illinois Income Tax;
- explains when to file amended returns; and
- contains copies of forms and returns that you will use as an Illinois withholding agent.

## Who is required to withhold Illinois Income Tax and register as an Illinois withholding agent?

Generally, you must withhold Illinois Income Tax and register as an Illinois withholding agent if you are an employer who

- pays compensation (*i.e.*, wages and salaries) in Illinois, or
- pays gambling or lottery winnings in Illinois, or
- has a voluntary withholding agreement with your employee.

**Note** We do not require a separate agreement for payments covered by a federal voluntary withholding agreement.

## Who is an employer?

You are an employer if you are any of the following:

- a person or organization who has an office or transacts business in Illinois for whom a worker performs a service as an employee and you are the person who is liable to withhold and pay both federal income and FICA taxes to the Internal Revenue Service (IRS).
- a person or organization who has an office or transacts business in Illinois and who has control of the payment of wages for employee services, if the employer does not have control of the payment of wages.
- a payer who has an office or transacts business in Illinois and who makes payments from which federal income taxes are withheld (*e.g.*, gambling or lottery winnings).

See IRS Publication 15 Circular E, Employer's Tax Guide, for more information.

## Who is an employee?

An employee is either

- a person who performs services subject to the legal control and direction of an employer, or
- an Illinois resident who receives payments on which federal income tax is withheld by the employer.

**Note** An individual who has a proprietary interest in a business that he or she can legally sell, give away, or operate without hindrance of any other party is self-employed. These individuals are not subject to tax withholding requirements.

See IRS Publication 15 Circular E, Employer's Tax Guide, for more information.

## How do I register as an Illinois withholding agent?

If you withhold income tax for your Illinois employees, you must register with the Illinois Department of Revenue.

To register your business and receive your Illinois Business Tax number (*i.e.*, your "tax" number or IBT no.), you have these options:

- register electronically with on-line Business Registration application (1-2 days) at **tax.illinois.gov**
- complete and mail Form REG-1, Illinois Business Registration Application (6-8 weeks)
- visit one of our regional offices

**Option for employers of household workers:** If you only employ household employees (*i.e.*, you control how the work is performed by a person who does domestic work around your home — for example, a babysitter, caretaker, cleaning person, driver, health aide, housekeeper, nanny, private nurse, or yard worker), you may choose to file and pay your unemployment insurance contributions and withholding income tax once a year.

You must register as a household employer with the Illinois Department of Employment Security (IDES) before April 15th, fill out the election form, and select the annual combined reporting option. For more information about household employer registration, unemployment insurance reporting, and for related forms, visit **household.illinois.gov** or call the IDES employer hotline at **1 800 247-4984**.

For more information about withholding income tax for household employees, see Publication 121, Withholding Income Tax for Household Employees.

**What happens after I register?**

We will send you a personalized withholding “coupon” booklet. Use the forms and returns in the coupon booklet to report and pay your taxes.

**Note** You may copy the forms in this booklet if you have not received your personalized coupon booklet or if you need additional forms.

**What if I need more forms than my coupon booklet has in it?**

If the amount you actually withhold requires that you must file returns or make payments more frequently than the number of forms within your coupon booklet, you will need to order more forms. Call our Central Registration Division at **217 785-3707** to order a new coupon booklet.

**What should I do if I move, or change my business name?**

If you move your business location or change your business name without changing owners, or you want us to mail all withholding tax information to a special address (*e.g.*, a payroll provider), complete **Form REG-16**, Illinois Business Name and Address Change Form, located in your personalized withholding coupon booklet. Send this form to us and use the mailing label provided in your coupon booklet. **Continue to use the forms provided in your personalized coupon booklet.**

**What should I do if I sell or transfer ownership of my business?**

If you sell or transfer your business, you must file **CBS-1**, Notice of Sale or Purchase of Business Assets. Also, you **must** send us final reports on Form IL-941, Illinois Quarterly Withholding Income Tax Return, and Form IL-W-3, Illinois Annual Withholding Income Tax Return. See “**Returns, Forms, and Filing Requirements**” for more information.

**What is an Illinois withholding exemption?**

An Illinois withholding exemption is the portion of your payments on which you do not withhold Illinois Income Tax. This amount is calculated based on the number of allowances claimed on **Form IL-W-4**, Employee’s Illinois Withholding Allowance Certificate, or **Form IL-W-4-G**, Gambling Withholding Exemption Certificate.

**How do I report and pay unemployment taxes?**

The Illinois Department of Employment Security (IDES), not the Illinois Department of Revenue, is responsible for collecting unemployment taxes. For more information or to report a newly hired employee you may visit their web site at [www.ides.state.il.us](http://www.ides.state.il.us), call **1 800 247-4984** or **312 793-4880**, or write to

**ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY  
REVENUE DIVISION  
401 SOUTH STATE STREET  
CHICAGO ILLINOIS 60605**

**ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY  
850 EAST MADISON STREET  
SPRINGFIELD ILLINOIS 62702-5603**

**What else do I need to know as a withholding agent?**

As a withholding agent, you are liable for the taxes that you are required to withhold. Because we are required to collect taxes (and issue assessments when these taxes are not paid), Illinois law states that the amounts required to be withheld and paid to us (and any penalties and interest) are considered to be a tax on **you**. As the withholding agent you must pay the tax even if you failed to withhold the tax from your employee.

**Generally**, you must withhold Illinois Income Tax when

- you withhold federal income tax, or
- you pay compensation, such as wages and services, in Illinois, or
- you and your employee have a voluntary withholding agreement.

**Note** If requested by a payee, you can enter into a voluntary agreement and withhold Illinois Income Tax on individual retirement accounts (IRAs) or pensions.

Although you may meet these requirements, there are some situations that do not require you to withhold Illinois Income Tax. See “**When am I not required to withhold Illinois Income Tax?**” in this section for more information.

# Withholding Illinois Income Tax for My Employees

## When must I withhold Illinois Income Tax from my employee's compensation?

You must withhold Illinois Income Tax when you withhold federal income tax from compensation you paid in Illinois. Compensation is paid in Illinois when the employee's services are "localized" in Illinois. This statement applies to all individuals except qualifying residents of Iowa, Kentucky, Michigan, and Wisconsin.

## When is compensation paid in Illinois?

If any of the following conditions are met, compensation is paid in Illinois.

### Localization tests →

- The employee's service is localized in Illinois because all the service is performed in Illinois.  
Some of the employee's services are performed outside Illinois, but the services outside Illinois are **incidental** to the service performed inside Illinois. Incidental services are those that support the employee's primary service, are temporary or transitory, or are isolated transactions.
- The employee's service is **not** localized in any state under either of the rules above, but — some of the service is performed in Illinois **and** — either the base of operations (*i.e.*, the place from which the employee works) is in Illinois, or, if there is no base of operations, the place from which the service is directed or controlled is in Illinois.
- The employee's service is **not** localized in any state under any of the rules above, but — some of the service is performed in Illinois, — the base of operations or the place from which the service is directed or controlled is **not** in any state in which some part of the service is performed, **and** — the employee is an Illinois resident.
- For compensation for services performed by a nonresident as a member of a professional athletic team, the amount that is paid in Illinois is the total compensation of services performed for the team during the year, multiplied by a fraction equal to the number of duty days spent within Illinois by the total number of duty days spent performing services for the team. See Section 304(a)(2)(B)(ivZ) of the Illinois Income Tax Act for more guidance.

### Limited exceptions to localization tests above →

There are three limited exceptions when you are **not** required to withhold Illinois Income Tax if a localization test described above is met. These exceptions are described below.

- **The employee works for an employer under the jurisdiction of the Surface Transportation Board (STB) and performs regularly assigned duties in more than one state.** Although a localization test may be met, do **not** withhold Illinois Income Tax unless the employee is an Illinois resident.
- **The employee works on an aircraft for an air carrier and performs regularly assigned duties in more than one state.** Although a localization test may be met, do **not** withhold Illinois Income Tax unless the employee is an Illinois resident, or, if the employee is not an Illinois resident, the employee earns more than 50 percent of the compensation in Illinois (Illinois flight miles versus all flight miles). Illinois flight miles do not include miles flown over Illinois without taking off or landing.
- **The employee works on a vessel and performs regularly assigned duties in more than one state.** Although a localization test may be met, do **not** withhold Illinois Income Tax unless the employee is an Illinois resident.

### Examples of compensation paid in Illinois →

#### Examples:

- 1 Your company, headquartered in Georgia, employs an Indiana resident to make sales for your company. You control your employee's services, all of which are performed in Illinois, from your Georgia office. Compensation is paid in Illinois because all of your employee's services are performed in Illinois.
- 2 Your company, headquartered in Maryland, employs a Missouri resident to make routine service calls. The office from which the employee works and receives instruction (*i.e.*, the base of operations) is in Illinois. About 95 percent of your employee's customers are in Missouri and 5 percent are in Illinois. Compensation is paid in Illinois because the base of operations is in Illinois and significant services are performed in both states.

## Examples (continued):

**Note** “Significant” does not equal a percentage. In this example, although only 5 percent of the total customers are in Illinois, the service performed in Illinois is separate from, and therefore, not incidental to, the service performed in Missouri.

- 3 Your company, headquartered in Ohio, employs an Illinois resident. There is no base of operations. The employee is controlled from your Ohio headquarters. Because services are performed in Illinois, Iowa, and Indiana, the services are not localized in only one state. Compensation is paid in Illinois because your employee is an Illinois resident, some of the service is performed in Illinois, and no service is performed in Ohio.
- 4 Your airline company employs a Missouri resident to fly to various destinations in the United States. Your employee reports to and flies out of a terminal in Illinois. According to your records, 58 percent of your employee’s compensation (flight time in Illinois versus flight time to other destinations) is earned in Illinois. Therefore, you withhold Illinois Income Tax because more than 50 percent of your employee’s compensation was earned in Illinois. Illinois flight miles do not include miles flown over Illinois without taking off or landing.

See Section 100.7010 of the 86 Illinois Administrative Code for more information.

### When am I not required to withhold Illinois Income Tax?

You are **not** required to withhold Illinois Income Tax from

- compensation paid to residents of **Iowa, Kentucky, Michigan, and Wisconsin** (due to reciprocal agreements with each of these states);
- qualifying payments made for personal service contracts or prizes awarded from contests conducted in Illinois (Sections 1405.2 and 1405.3 of the Illinois Income Tax Act (IITA));
- compensation that is subject to withholding by another state because the localization tests described in this section apply as if they were in effect in the other state (compensation is not paid in Illinois);
- compensation that will not be included in the recipient’s base income (*e.g.*, annuity payments received from qualified employee benefit plans);
- payments subject to withholding under IRC, Sections 3405 or 3406;
- compensation paid to an employee whose compensation is exempt from federal withholding requirements (*e.g.*, “wages” paid to certain types of household employees and ministers or members of a religious order);
- compensation paid by an employer under the jurisdiction of the Surface Transportation Board (STB), rail and motor carriers, to a nonresident employee who performs regularly assigned duties in more than one state, including Illinois;
- nonresident employees who work on aircraft for an air carrier, perform regularly assigned duties in more than one state, and do not earn more than 50 percent of the compensation in Illinois (Illinois flight miles versus all flight miles). Illinois flight miles do not include miles flown over Illinois without taking off or landing.
- compensation paid to a master or seaman on a vessel in the foreign, coastwise, intercoastal, interstate, or noncontiguous trade, or an individual employed on a fishing vessel or any fish processing vessel. (Illinois will tax income earned by Illinois residents, however.)

### Examples when → withholding is not required

#### Examples:

- 1 Your company, headquartered in Missouri, hires an Illinois resident to install computer networks for your Missouri-based clients. Occasionally, your employee travels to your clients’ branch offices in Illinois to complete network installation. Compensation is not paid in Illinois because your employee’s services are localized in Missouri and the services performed in Illinois are incidental to the services performed in Missouri. Therefore, you do not withhold Illinois Income Tax. (See the note below.)
- 2 Your company’s main office is in Indiana. You employ an Illinois resident to honor copy machine routine maintenance contracts. Your employee works out of the main office and has clients in both Illinois and Indiana. You are not required to withhold Illinois Income Tax because your employee’s base of operations is in Indiana and some of the service is performed in Indiana. (See the note below.)

**Note** Although in these two examples you are not required to withhold Illinois Income Tax, your employees’ income **will** be taxed by Illinois because they are Illinois residents. Therefore,



your employee will file returns in both states. We will give your employee a credit for taxes paid to the other state. If the amount of tax paid to the other state does not cover the Illinois tax liability, your employee may need to make estimated income tax payments to Illinois.

**Am I required to withhold income tax for another state if my employee is not an Illinois resident?**

If your employee is “paid in Illinois” and is a resident of Iowa, Kentucky, Michigan, or Wisconsin, you may (upon request from the employee), but are not required by Illinois law, to withhold income tax for the other state.

If your employee is a resident of a state with whom Illinois does not have a reciprocal agreement, you must withhold Illinois Income Tax on all income that is paid in Illinois. You may be required to withhold tax for another state in which the employee works or resides. You should contact those states to determine if you are required to register as a withholding agent.

**What forms must my employee complete?**

**Form IL-W-4 →**

Your employee must complete **Form IL-W-4**, Employee’s Illinois Withholding Allowance Certificate. This is your record of the number of allowances that your employee is entitled to claim and would only be disregarded for the following circumstances:

- An employee claims total exemption from Illinois income tax withholding, but has not filed a federal Form W-4 claiming total exemption.
- The IRS has instructed you to disregard the employee’s federal Form W-4.
- You submitted the employee’s Form IL-W-4 to us for review, and we instructed you to disregard the form. Form IL-W-4 is submitted for review if 15 or more exemptions are claimed on the Form IL-W-4 without claiming at least the same number of exemptions on the federal Form W-4, and the federal Form W-4 is not being reviewed by the IRS.

If a completed Form IL-W-4 is not filed, or you are required to disregard the Form IL-W-4, you must withhold Illinois Income Tax without allowing any exemptions.

**Note** Senior citizens with interest income are required to make estimated tax payments if the tax owed for the year is greater than \$500. Voluntary withholding agreements are allowed, however. The senior citizen must complete Form IL-W-4.

If an employee claimed exemption from withholding on federal Form W-4, U.S. Employee’s Withholding Allowance Certificate, you still may be required to withhold Illinois Income Tax.

Before **December 1** of each year, have your employee review his or her Form IL-W-4. If your employee’s Illinois withholding allowances change, the employee must complete a new Form IL-W-4.

**Example:**

Sam is single, does not have any dependents, and cannot be claimed on another person’s tax return. He works for you part-time. Sam expects to earn \$4,000 this year.

Last year Sam earned \$3,000, did not have a federal tax liability, and received a total refund of the federal income tax that was withheld from his pay. Sam does not expect to owe any federal income tax this year. Therefore, he claims exemption from withholding on his federal Form W-4 for this year.

Although Sam may not owe federal income tax, he will owe Illinois Income Tax because he is entitled to only one withholding allowance. The exemption for this allowance is less than his total pay. Therefore, you must withhold Illinois Income Tax from Sam’s pay.

**Form IL-W-5 →**

**Form IL-W-5**, Certificate of Residence in Illinois, is completed by an Illinois resident (not your employee) with whom you have a written contract who

- is paid for performing personal services (e.g., artistic or musical performances, or professional consulting services) and the income earned is taxable under Section 1405.2 of the IITA, or
- receives payment for prizes and awards from a contest conducted entirely in Illinois (e.g., game shows, amateur talent contests, dog or horse shows) and the income earned is taxable under Section 1405.3 of the IITA.

You are not required to provide annual information reports of the amounts you pay in either of these situations. You must, however, keep this information in your records and provide it to us if we request.

**Note** Instead of completing Form IL-W-5, the recipient may file a certificate of in-state residence on any invoice, billing statement, or contest application submitted to the withholding agent.

**Form IL-W-5-NR →** Illinois has reciprocal agreements with Iowa, Kentucky, Michigan, and Wisconsin. To be exempt from Illinois Income Tax withholding requirements, residents of these states must complete **Form IL-W-5-NR**, Employee's Statement of Nonresidence in Illinois. If your employee does not complete this form, you **must** withhold Illinois Income Tax. If your employee moves out of the state of residence designated on the original Form IL-W-5-NR, the employee must notify you of the change within 10 days and file a new Form IL-W-5-NR, if applicable.

**What form must I give my employee?** **Before February 1** of each year, you must give your employee three copies of federal **Form W-2**, Wage and Tax Statement, or, if applicable, any version of **Form 1099** (e.g., Form 1099-MISC, Form 1099-INT, Form 1099-R). **Do not send these forms to us.** Instead, keep them in your records for three years and send them to us if we request. See our Publication 110, Form IL-W-2 Requirements, for more information.

**Form W-2, →  
all Forms 1099**

If your employee permanently discontinues employment before the close of the calendar year or you terminate a federal voluntary withholding agreement, you must give the employee (or other person receiving payments subject to withholding) a completed federal Form W-2 within 30 days of the last payment on which withholding was required.

**Note** You must keep undeliverable W-2 and all 1099 forms for at least three years after the date you are required to give the form to the employee.

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## Withholding Tax for Lottery or Gambling Winnings

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**When must I withhold Illinois Income Tax from lottery winnings?** You must withhold Illinois Income Tax each time you make a single payment of Illinois lottery winnings over \$1,000. It does not matter that several individuals may jointly hold the winning ticket and each person's "share" is less than \$1,000. You must withhold Illinois Income Tax for both residents and nonresidents.

**When must I withhold Illinois Income Tax from gambling winnings?** You must withhold Illinois Income Tax from gambling winnings you pay Illinois residents any time the winnings are subject to federal income tax withholding requirements. You are not required to withhold Illinois Income Tax from nonresidents.

In general, winnings that are currently subject to federal income tax withholding include proceeds of \$5,000 or more in a single payment from

- wagering transactions (if these winnings are at least 300 times greater than the amount of the wager);
- proceeds that are 300 times greater than an amount wagered in a sweepstakes, wagering pool, lottery (other than a state-conducted lottery), or wagering transaction in a pari-mutual pool with respect to horse races, dog races, or jai alai.

See 26 USCA 3402(q) of the Internal Revenue Code and the IRS' instructions for federal Forms 5754 and W-2G for more information.

**Note** Bingo, keno, and slot machine winnings are **not** subject to federal withholding requirements. However, winners will be taxed on these types of gambling winnings.

**What forms must a winner complete?** Each time you pay lottery or gambling winnings over \$1,000 in a single payment, the winner must complete **Form IL-5754**, Statement by Person Receiving Gambling Winnings. This form helps you identify which winners are Illinois residents. Keep this form in your records to show who received winnings and to whom the winnings are taxable. You will use this information when you prepare federal Form W-2G.

**Form IL-5754 →**

**Form IL-W-4-G →** Illinois residents must complete **Form IL-W-4-G**, Gambling Withholding Exemption Certificate, to claim exemption from withholding of lottery winnings over \$5,000 or gambling winnings that are subject to federal income tax withholding requirements. The winner must give you this form before you pay the winnings. If the winner does not give you this form, you must withhold the full rate of tax from the payment (*i.e.*, do not allow any exemptions).

**What forms must I give each recipient?**

By **February 1** of each year, you must give each recipient two copies of federal **Form W-2G. Do not send this form to us.**

**Form W-2G →**

**Note** You must keep an undeliverable Form W-2G for at least three years after the date you are required to give the form to the recipient.

## Table - Forms Completed and Given to Withholding Agents

Forms completed by employees and lottery or gambling winners		
If	use	and withhold
you withhold federal income tax for an employee or are otherwise required to withhold Illinois Income Tax,	Form IL-W-4	based on the number of allowances claimed.
you enter into a voluntary withholding agreement with your employee,	Form IL-W-4	based on the number of allowances claimed.
you pay an Illinois resident for personal services, and the income is taxable under Section 1405.2 of the Illinois Income Tax Act,	Form IL-W-5	zero.
you pay an Illinois resident prizes or awards from a contest entirely in Illinois and the income earned is taxable under Section 1405.3 of the Illinois Income Tax Act,	Form IL-W-5	zero.
your employee is a resident of Iowa, Kentucky, Michigan, or Wisconsin,	Form IL-W-5-NR	zero.
you pay lottery winnings over \$1,000 but less than \$5,000 to an Illinois resident or nonresident,	Form IL-5754	the full rate of tax (no exemptions).
you pay lottery winnings over \$5,000 to an Illinois resident,	Form IL-5754 and Form IL-W-4-G	based on the number of exemptions claimed on Form IL-W-4-G. If the winner does not give you Form IL-W-4-G, withhold the full rate of tax (no exemptions).
you pay lottery winnings over \$5,000 to a nonresident,	Form IL-5754	the full rate of tax (no exemptions).
you pay gambling winnings over \$1,000 but less than \$5,000 to an Illinois resident,	Form IL-5754	the full rate of tax (no exemptions).
you pay gambling winnings over \$5,000 to an Illinois resident,	Form IL-5754 and Form IL-W-4-G	based on the number of exemptions claimed on Form IL-W-4-G. If you are not given Form IL-W-4-G, withhold the full rate of tax.
you pay gambling winnings over \$1,000 to a nonresident	Form IL-5754	zero.
<b>Note</b> You must keep a copy of these forms in your records. By <b>February 1</b> of each year, you must give your employee three copies of federal Form W-2, Wage and Tax Statement. If you withheld from gambling winnings, you must give each recipient two copies of federal Form W-2G.		

# How to Figure the Amount to Withhold

**How much do I withhold?** Generally, the rate for withholding Illinois Income Tax is 3 percent.

**Wages →** For **wages and other compensation**, subtract any exemptions you calculate based on the number of allowances claimed on Form IL-W-4 from the wages or other compensation paid. Multiply the result by 3 percent. If you are required to disregard the employee's Form IL-W-4, multiply the total payment by 3 percent. See **"What forms must my employee complete?"**

(wages - exemptions) x 3 percent

**Gambling winnings →** For **gambling** winnings subject to federal income tax withholding requirements, subtract any exempt amount claimed by Illinois residents on Form IL-W-4-G from the amount of the winnings. Multiply the result by 3 percent. You do not have to withhold Illinois Income Tax for residents of other states.

(winnings - exemptions) x 3 percent

**from Illinois lottery winnings →** For **lottery** winnings, if any person listed on Form IL-5754 is a

- Resident, \$1,000 - \$4,999:  
3 percent
  - Resident, \$5,000 or more:  
(winnings - exemptions) x 3 percent
  - Nonresident, \$1,000 or more:  
winnings x 3 percent
- **resident** who wins over \$1,000 but less than \$5,000, you must withhold 3 percent from each person's winnings. Exemptions are not allowed.
  - **resident** with winnings of \$5,000 or more, subtract any exemptions claimed on Form IL-W-4-G, Gambling Withholding Exemption Certificate, from the winnings. Multiply the result by 3 percent.
  - **nonresident**, withhold 3 percent from each person's winnings over \$1,000. Exemptions are not allowed.

See Section 710 of the Illinois Income Tax Act for more information.

**from other payments →** The rate of withholding tax on **other payments** (excluding qualifying personal service contracts or prizes awarded from qualifying Illinois contests) subject to Illinois Income Tax is 3 percent. Exemptions are not allowed.

Payments x 3 percent

**How do I calculate the amount to withhold?** To calculate the amount to withhold, you may use either the direct percentage method or the automated payroll method. If you prefer to use tax tables, please see Booklet IL-700-T, Illinois Withholding Tax Tables. To order this publication, see **"Where to Get Forms."**

**Direct percentage method →** Use the formula and table below to calculate the amount to withhold using the direct percentage method.

$$(\text{Wages} - \text{exemptions}) \times .03 = \text{tax withheld}$$

Direct percentage method allowance table			
Line 1 allowances		Line 2 allowances	
Payroll periods	Exempt amount	Payroll periods	Exempt amount
Daily	\$ 5.48	Daily	\$ 2.74
Weekly	38.46	Weekly	19.23
Bi-weekly	76.92	Bi-weekly	38.46
Semi-monthly	83.33	Semi-monthly	41.67
Monthly	166.67	Monthly	83.33
Bi-monthly	333.33	Bi-monthly	166.67
Quarterly	500.00	Quarterly	250.00
Semi-annually	1,000.00	Semi-annually	500.00
Annually	2,000.00	Annually	1,000.00

**Step 1** Determine the wages paid.

**Step 2** Figure your employee's exemption amount using the allowances allowed on Form IL-W-4.

## Exemptions: Line 1 and Line 2 allowances defined

- a Line 1 allowances:** Locate the exempt amount that corresponds with your payroll period (e.g., weekly payroll equals \$38.46) in the direct percentage

allowance table. Multiply the exempt amount by the number of allowances your employee claimed on Form IL-W-4, Line 1.

**b Line 2 allowances:** If your employee claimed additional allowances on Form IL-W-4, Line 2 (legally blind or age 65 exemptions), find the exempt amount that corresponds with your payroll period (*e.g.*, weekly payroll equals \$19.23). Multiply this amount by the number of additional allowances your employee claimed on Form IL-W-4, Line 2.

**c** Add your answers from Step 2a and Step 2b. The result is your employee's exemption amount.

**Step 3** Subtract the exemption amount from the wages paid. The result is the taxable amount.

**Step 4** Multiply the taxable amount by 3 percent (.03). You **must** withhold this amount.

**Step 5** Add any additional amount on Form IL-W-4, Line 3. This is the total amount you withhold.

**Note** Be sure to use the correct line allowance when you calculate the taxable amount.

**Direct percentage  
method example** →

The following example illustrates how to calculate the amount to withhold using the direct percentage method.

**Example:**

You pay Mary \$500 every week. She claims three allowances on her Form IL-W-4. She claims two allowances on IL-W-4, Line 1, and one allowance on Form IL-W-4, Line 2. You withhold \$12.12 from her pay.

**Step 1** Wages paid \$ 500.00

**Step 2** Figure your employee's exemption amount (based on Form IL-W-4).  
(Line 1 allowances x weekly amount) + (Line 2 allowances x weekly amount)

**a** 2 x \$38.46 = \$76.92 (Form IL-W-4, Line 1)

**b** 1 x \$19.23 = \$19.23 (Form IL-W-4, Line 2)

**c** \$76.92 + \$19.23 = \$96.15 (Step 2a + Step 2b)

**Step 3** Subtract the exemption amount from the wages paid. — 96.15  
Taxable amount \$ 403.85

**Step 4** Multiply by the tax rate x .03  
**Tax withheld** \$ 12.12

**Automated payroll method** → Use the formula and table below to calculate the amount to withhold using the automated payroll method.

$$.03 \times \left( \text{Wages} - \frac{((\text{Line 1} \times \text{yearly amount}) + (\text{Line 2} \times \text{yearly amount}))}{\text{number of pay periods}} \right) = \text{tax withheld}$$

Automated payroll method allowance table	
Payroll periods	Number
Weekly	52
Bi-weekly	26
Semi-monthly	24
Monthly	12
Bi-monthly	6
Quarterly	4
Semi-annually	2
Annually	1

**Step 1** Determine the wages paid.

**Step 2** Figure your employee's exemption amount using the allowances claimed on Form IL-W-4.

- a** Multiply the number of allowances your employee claimed on Form IL-W-4, Line 1 by \$2,000.
- b** Multiply the number of allowances your employee claimed on Form IL-W-4, Line 2 by \$1,000.
- c** Add your answers from Step 2a and Step 2b.
- d** Divide the result of Step 2c by the number of pay periods from the automated payroll allowance table. The result is your employee's exemption amount.

**Step 3** Subtract the exemption amount from the wages paid. The result is the taxable amount.

**Step 4** Multiply the taxable amount by 3 percent (.03). You **must** withhold this amount.

**Step 5** Add any additional amount from Form IL-W-4, Line 3. This is the total amount you withhold.

**Automated payroll method example** → The example below illustrates how to calculate the amount to withhold using the automated payroll method.

**Example:**

You pay John \$800 every week. He claims four allowances on his Form IL-W-4. Two allowances are claimed on Form IL-W-4, Line 1, and two allowances are claimed on Form IL-W-4, Line 2. You withhold \$20.54 from his pay.

**Step 1** Wages paid \$ 800.00

**Step 2** Figure your employee's exemption amount (based on Form IL-W-4).

- a**  $2 \times \$2,000 = \$4,000$  (Line 1 x yearly amount)
- b**  $2 \times \$1,000 = \$2,000$  (Line 2 x yearly amount)
- c**  $\$4,000 + \$2,000 = \$6,000$  (Step 2a + Step 2b)
- d**  $\$6,000 \div 52 \text{ pay periods} = \$115.38$

**Step 3** Subtract the amount exempt from withholding. - 115.38  
Taxable amount \$ 684.62

**Step 4** Multiply by the tax rate x .03  
**Tax withheld** **\$ 20.54**

# Returns, Forms, and Filing Requirements

## What forms must I file?

If you withhold Illinois Income Tax, you **must** file

**Form IL-941 →**  
**Form IL-W-3 →**

- **Form IL-941**, Illinois Quarterly Withholding Income Tax Return, and
- **Form IL-W-3**, Illinois Annual Withholding Income Tax Return.

**Form IL-501 →**

Also, depending on the amount of withholding income tax you accumulate, you may be required to send additional payments using **Form IL-501**, Illinois Withholding Income Tax Payment.

**Household employers:** If you only employ household employees and have registered with the Illinois Department of Employment Security (IDES) as a household employer before April 15th and selected the annual combined reporting option, you may file and pay once per year. For more information about household employer registration, unemployment insurance reporting, and for related forms, visit **household.illinois.gov** or call the IDES employer hotline at **1 800 247-4984**.

## When is Form IL-941 due?

The amount of withheld Illinois Income Tax determines whether you must file Form IL-941, Illinois Quarterly Withholding Income Tax Return, annually or quarterly. Generally, your payment is due with your return, however, additional payments may be required.

**Annual filer →**  
Less than \$500 per year

File Form IL-941 **annually** if you

- registered for withholding this year **or**
- withheld less than \$500 last year **and** withhold less than \$500 during the current year.

Your Form IL-941 for the year is due January 31 of the following year. You must report the tax you withheld during the calendar year.

**Quarterly filer →**  
More than \$500 per year

File Form IL-941 **quarterly**

- if you withheld more than \$500 last year **or**
- beginning with the quarter that you accumulate more than \$500 in withholding during the current year. If you withhold \$500 or more for the year, you must file one Form IL-941 for each quarter, **even if you did not withhold any tax during that quarter** (e.g., your employees are seasonal workers). Your returns are due on or before April 30, July 31, October 31, and January 31 of the following year.

**Note** A quarter is a three-month period. January, February, and March are the first quarter. The second quarter is comprised of April, May, and June. July, August, and September make up the third quarter. The fourth quarter is October, November, and December.

If you do not file your return when it is due, you may be assessed a penalty and interest.

## When is Form IL-W-3 due?

Form IL-W-3, Illinois Annual Withholding Income Tax Return, is due on or before the last day of February following the end of the calendar year. This form is a reconciliation of the previous year's withheld tax that you reported on all W-2, W-2G, 1099, and IL-941 forms.

**Note** **Do not** send any W-2, W-2G, or 1099 forms or any list of Illinois Income Tax withheld. Instead, keep these forms in your records for three years and send them to us only if we request. **Also, do not** send a payment with your completed and signed Form IL-W-3.

## What should I do if I am no longer liable for withholding Illinois Income Tax?

If you stop withholding, sell your business, or if any other event that permanently eliminates all of your liability from further withholding occurs, you must send us final reports on Forms IL-941 and IL-W-3. Write an "X" in the box below Line 5 on Form IL-941 to indicate that you have **permanently** stopped withholding. All Illinois income tax that you withheld (or that you should have withheld) and have not paid must be paid when you file your final Form IL-941. For more information, see 86 Illinois Administrative Code, Section 100.7300. If you prefer, you may call our Central Registration Division at **217 785-3707** and tell them that you want to "discontinue" your business.

**When is my payment due?** The due date of your additional payment depends on the amount of accumulated unpaid tax withheld. Unpaid tax withheld is considered to be accumulated at the **end** of your payroll period. If your accumulated unpaid tax withheld is

**IL-941→**

- \$500 or less in income tax withheld during the calendar year (January - December), your payment is due with your tax return (Form IL-941).

**IL-501→**

- more than \$500 but not over \$1,000 on the last day of a month,
  - for amounts withheld in the first and second months, you must send Form IL-501 and your payment on or before the 15th day of the following month.
  - for amounts withheld in the third month, you must send Form IL-941 and your payment on or before the last day of the first month of the following quarter.
- is more than \$1,000 at the end of a quarter-monthly period (*i.e.*, 7th, 15th, 22nd, and last day of the month), *or* semi-monthly period (*i.e.*, 15th and last day of the month), you must send Form IL-501 and your payment on or before the third banking day following the close of the corresponding quarter-monthly or semi-monthly period. (Banking days do not include Saturdays, Sundays, legal holidays, or local bank holidays. Therefore, if the due date falls on a weekend or a holiday, your payment is due the next business day following the weekend or holiday.)

**Note** If you need a Form IL-501 and your personalized coupon booklet does not any or enough, call our Central Registration Division at **217 785-3707** to order a new personalized coupon booklet. You may use a copy of Form IL-501 from this booklet to send a payment for the tax withheld until you receive your new personalized forms.

**Note** If your total accumulated unpaid tax withheld is from two different quarters, you must send two payments and use separate IL-501 forms to indicate for which quarters you are paying. If you do not, we will apply your payment to one quarter only.

**Note** **You may make your payment electronically no matter how you file your return.** If your previous year's annual tax liability exceeds the \$200,000 threshold, you are required to make payments by electronic funds transfer (EFT). We will notify you if you are required to participate in this program. EFT participants do not send Form IL-501.

**Filing and payment →  
due dates examples**

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**Example 1:**

Last year, your total tax withheld each month was more than \$500, therefore, you are expected to make monthly payments this year. By January 31st, your accumulated unpaid income tax withheld is only \$250. You are **not** required to send a payment. By February 28th, you have withheld an additional \$300 for a total of \$550. Form IL-501 and your payment of \$550 are due on or before March 15th.

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**Example 2:**

Your accumulated unpaid tax on April 30th is \$650. Your business is closed from May 1st through the 7th and you do not pay any compensation that requires you to withhold tax during those seven days. Therefore, you do not accumulate \$1,000 in unpaid tax by May 7th, the end of the quarter-monthly period. You must use Form IL-501 and send a payment for \$650 by May 15th because your accumulated unpaid tax on the last day of the month was over \$500 (but not more than \$1,000).

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**Example 3:**

Last year, your total tax withheld each month was more than \$1,000, therefore, you are expected to make quarter-monthly payments. On January 7th, your accumulated unpaid tax withheld is \$700. You are not required to send a payment. On January 15th, you have withheld an additional \$750 for a total of \$1,450. Form IL-501 and your payment of \$1,450 are due within three banking days, or January 18th.

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## Table - General Payment and Filing Requirements

General payment and filing requirements for withheld Illinois Income Tax			
If you have accumulated	your payment is due on or before	You need to use Form	By the due date,
less than \$500 for last year and less than \$500 for this year,	January 31 of the following year.	IL-941 (4th quarter) to make your payment and to report the amount of tax you withheld.	send us your annual payment with your annual Form IL-941.
\$500 or more for last year or for this year, but less than \$500 a month for this year,	the last day of the month following the last month of the quarter.	IL-941 to make each of your quarterly payments and to report the amount of tax you withheld.	send us your quarterly payment with your quarterly Form IL-941.
more than \$500 but not more than \$1,000 on the last day of the month,	the 15th day of the 2nd and 3rd months of each calendar quarter, and on or before the last day of the month following the last month of each quarter.	IL-501 to make your 1st and 2nd payments, and use Form IL-941 to make your 3rd payment and to report the tax you withheld.	make three payments per quarter; two with Form IL-501 and one with Form IL-941.
more than \$1,000 at the end of a semi-monthly period,	the 3rd banking day following the close of the semi-monthly period (i.e., 15th and last day of the month).	IL-501 to make your semi-monthly payments, and use Form IL-941 to report the tax you withheld.	make six payments per quarter (all with Form IL-501) and file Form IL-941 quarterly.
more than \$1,000 at the end of a quarter-monthly period,	the 3rd banking day following the close of the quarter-monthly period (i.e., 7th, 15th, 22nd, and the last day of each month).	IL-501 to make your quarter-monthly payments, and use Form IL-941 to report the tax you withheld.	make 12 payments per quarter (all with Form IL-501) and file Form IL-941 quarterly.
→ You must file Form IL-W-3 by the last day of February of the following year, regardless of your filing status ←			

**Note** If you have chosen the household employer's method of withholding income tax for your household employees, see Publication 121, Withholding for Household Employees.

### Example

The following example shows how payments are due for a taxpayer who has weekly payroll. In this example, the taxpayer has withholding amounts that vary from week to week; affecting how often the withholding income tax is due.

Example of  
filing and payment  
due dates →

Payroll period	Amount withheld	Payment amount due	Due date of payment	Payment is due or not due at the end of the weekly payroll period because the accumulated WIT amount
<b>February</b>				
1st - 7th	\$ 900	\$ 0		does not exceed \$1,000.
8th - 15th	900	1,800	2/18	is over \$1,000.
16th - 22nd	1,010	1,010	2/25	is over \$1,000.
23rd - 28th	900	0		does not exceed \$1,000.
<b>March</b>				
1st - 7th	0	900	3/15	is more than \$500 on the last day of the month but does not exceed \$1,000 at the end the month or the end of the payroll period.
8th - 15th	600	0		does not exceed \$1,000.
16th - 22nd	600	1,200	3/25	is over \$1,000.
23rd - 31st	400	0		does not exceed \$1,000.
<b>April</b>				
1st - 7th	800	1,200	4/10	is over \$1,000 at the end of period (Use two IL-501 forms, \$400 for the 1st quarter, \$800 for the 2nd quarter.)
8th - 15th	700	0		does not exceed \$1,000.
16th - 22nd	200	0		does not exceed \$1,000.
23rd - 30th	110	1,010	5/3	is over \$1,000.
→ 1st quarter Form IL-941 is due April 30th ←				

**General monthly →  
filing and payment  
due dates**

In general, as a **monthly filer**, you must file and pay the accumulated amount to us on the forms and by the dates identified below. (EFT participants do not send Form IL-501.)

Qtr.	Form	Due on or before	Qtr.	Form	Due on or before
1st	IL-501	February 15	3rd	IL-501	August 15
	IL-501	March 15		IL-501	September 15
	IL-941	April 30		IL-941	October 31
2nd	IL-501	May 15	4th	IL-501	November 15
	IL-501	June 15		IL-501	December 15
	IL-941	July 31		IL-941	January 31 of the following year
➡ Form IL-W-3 is due by February 28 of the following year ⬅					
*Add three banking days to all Form IL-501 payment dates.					

**General quarter-monthly →  
filing and payment  
due dates**

In general, as a **quarter-monthly filer**, you must file and pay the accumulated amount to us on the forms and by the dates identified below. (EFT participants do not send Form IL-501.)

Qtr.	Form	Due on or before*		Qtr.	Form	Due on or before*	
1st	IL-501	January	7, 15, 22, and 31	3rd	IL-501	July	7, 15, 22, and 31
	IL-501	February	7, 15, 22, and 28		IL-501	August	7, 15, 22, and 31
	IL-501	March	7, 15, 22, and 31		IL-501	September	7, 15, 22, and 30
	IL-941	April	30		IL-941	October	31
2nd	IL-501	April	7, 15, 22, and 30	4th	IL-501	October	7, 15, 22, and 31
	IL-501	May	7, 15, 22, and 31		IL-501	November	7, 15, 22, and 30
	IL-501	June	7, 15, 22, and 30		IL-501	December	7, 15, 22, and 31
	IL-941	July	31		IL-941	January	31 of the following year
➡ Form IL-W-3 is due by February 28 of the following year ⬅							
*Add three banking days to all Form IL-501 payment dates.							

**General semi-monthly →  
filing and payment  
due dates**

In general, as a **semi-monthly filer**, you must file and pay the accumulated amount to us on the forms and by the dates identified below. (EFT participants do not send Form IL-501.)

Qtr.	Form	Due on or before*		Qtr.	Form	Due on or before*	
1st	IL-501	January	15 and 31	3rd	IL-501	July	15 and 31
	IL-501	February	15 and 28		IL-501	August	15 and 31
	IL-501	March	15 and 31		IL-501	September	15 and 30
	IL-941	April	30		IL-941	October	31
2nd	IL-501	April	15 and 30	4th	IL-501	October	15 and 31
	IL-501	May	15 and 31		IL-501	November	15 and 30
	IL-501	June	15 and 30		IL-501	December	15 and 31
	IL-941	July	31		IL-941	January	31 of the following year
➡ Form IL-W-3 is due by February 28 of the following year ⬅							
*Add three banking days to all Form IL-501 payment dates.							

## Electronic services - payment and filing options

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**May I pay electronically?** **Yes**, you may pay electronically (no matter how you file Form IL-941) using either of the following methods.

- **EFT** (electronic funds transfer) has two payment options. **ACH credit** instructs your financial institution to transfer funds from your account to ours. **ACH debit** is your instruction to us to take the payment from your account. You must be preregistered on Form EFT-1 and follow specific instructions for each method. For further information about EFT, see Booklet EFT-8, Electronic Funds Transfer Guide.
- **Direct debit** is a payment option available when you file electronically using TaxNet or Federal State Employment Tax (FSET).

**Note:** Some withholding agents are required to pay using EFT. We will notify you if you are required to participate in this program. For additional information about EFT, see EFT-8, Electronic Funds Transfer Guide.

**May I file electronically?** The Illinois Department of Revenue (IDOR) and the Illinois Department of Employment Security (IDES) offers two electronic filing programs **TaxNet** and **FSET** (*for payroll service providers*) as alternative ways to file and pay your state withholding tax returns (Forms IL-941 and IL-W-3), and unemployment insurance tax and wage reports (UI-3/40 Report). To participate in **TaxNet** just log on at [www.ides.state.il.us](http://www.ides.state.il.us) — and click on Illinois **TaxNet**. Payroll service providers wishing to use **FSET** should review the **FSET** IL-1370-WIT, Implementation Guide on IDOR's web site at [tax.illinois.gov](http://tax.illinois.gov). A list of payroll service providers authorized to file through the **FSET** program will be available on the web site.

- It's fast — taxable wages are calculated for you and after your first Quarterly Wage Report filing — all you have to do is update the existing information
- It's secure — only your company's authorized personnel can access your account
- It's convenient — available 24 hours a day — 7 days a week

**What if I have questions about electronic services?** If you have questions regarding the electronic services, visit our web site at [tax.illinois.gov](http://tax.illinois.gov); call our EFT staff weekdays between 7:45 a.m. and 4:15 p.m. at **217 782-6257**; send a fax to us at **217 524-8282**; or write to us at

ELECTRONIC FUNDS TRANSFER DIVISION  
ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19015  
SPRINGFIELD, IL 62794-9015

**May I use alternate forms not printed by the Illinois Department of Revenue?** You may use alternate forms from approved software packages. A list of alternate forms providers, and the forms that have been approved for each, may be found on our web site.

If you wish to create your own alternate forms, they must be approved by the department. They must:

- contain the same information and be in the same format as our forms.
- be easily readable and produced on paper the same size, weight, and color as our forms.

To obtain approval for your forms, email your files, in PDF file format, to [vharvey@revenue.state.il.us](mailto:vharvey@revenue.state.il.us). If you prefer, you may send them to

OFFICE OF PUBLICATIONS MANAGEMENT 3-375  
ILLINOIS DEPARTMENT OF REVENUE  
101 WEST JEFFERSON STREET  
SPRINGFIELD IL 62702

# Penalties and Interest

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For more information about penalties and interest, including rates, see Publication 103, Uniform Penalties and Interest.

## **Late-filing or non-filing penalty**

You owe this penalty if

- you do not file a processable return by the due date (*i.e.*, a late-filing penalty); or
- you file a return that we cannot process, we notify you of the problems, and you do not correct it by the date specified on the notice (*i.e.*, a non-filing penalty).

An **additional** penalty is imposed if

- you file a return that we cannot process, we notify you of the problems, and you do not correct it by the date specified on the notice; or
- you do not file a return, we send you a notice of non-filing, and you do not file the return by the date specified on a non-filing notice.

## **Late-payment penalty**

You owe a late-payment penalty if you do not pay the full amount of the tax shown due on your return by the due date or dates for payment, whether quarter-monthly, semi-monthly, monthly, or annually. If you file an amended return, this penalty will be adjusted to reflect the tax shown on the amended return.

## **Bad check penalty**

You owe this penalty if you send a remittance that is not honored by your financial institution. This penalty will be assessed in addition to any other penalty.

## **Failure to file correct information returns penalty**

You owe this penalty if you do not file a correct information return by the original due date of the return.

## **Negligence penalty**

You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.

## **Fraud penalty**

You owe this penalty if you file a return, an amended return, or a claim with the intent to defraud.

## **Personal liability penalty**

You owe this penalty if you have control or supervision over, or are responsible for filing returns and making payment of withholding taxes, and willfully do not file the return or make the payment, or willfully attempt to evade or defeat the tax. This penalty is equal to the total amount of unpaid tax, penalties, and interest.

## **Cost of collection penalty**

You may be assessed a collection fee on any amount not paid by the due date for returns due on or after July 1, 2003.

## **Interest**

Interest is calculated on tax from the day after the original due date of your return through the date you pay the tax. Interest is simple interest figured using a daily rate. The rate is reviewed twice each year – on January 1 and July 1 – and adjusted according to the underpayment rate established in the Internal Revenue Code, Section 6621. To obtain the current interest rate, contact us at the telephone numbers or addresses listed on the last page of this publication.

# Amended Returns and Records

## What if I make an error on my Form IL-941?

You must file **Form IL-941-X**, Amended Quarterly Illinois Withholding Tax Return, if

- you make an error on your Form IL-941 (*i.e.*, you under-reported or over-reported the amount that you withheld), or
- The amounts on Lines 2 and 4 of Form IL-W-3 are not the same figure.

**Note** If the amounts on Lines 2 and 4 on Form IL-W-3 are not the same figure, you must correct or explain the difference by filing one Form IL-941-X for each quarter that a discrepancy exists.

### Balance due

- If your corrections result in a balance due, you must pay the additional tax when you file your amended return. **Also, you may owe penalties and interest.** We will send you a bill for any penalties and interest that are due.

### Overpayment

- If your corrections result in an overpayment, we will credit the balance to a later quarter. On Line 9a of Form IL-941-X, tell us to which quarter you want the overpayment applied. Write the amount of the overpayment on Line 3 of Form IL-941 when you file your return for the quarter to which we applied the credit.

To receive a refund of the overpaid amount, check “Yes” on Line 9b of Form IL-941-X.

## What if I make an error on my Form IL-W-3?

Form IL-W-3-X →

You must file **Form IL-W-3-X**, Amended Annual Illinois Withholding Tax Return, if you

- make an error on your Form IL-W-3, or
- report corrections on Form IL-941-X that change the information you reported on Form IL-W-3, or
- issue corrected W-2, W-2G, or 1099 forms and the correction results in a change to your withholding tax liability on Form IL-W-3.

**Note** Do **not** send a payment with Form IL-W-3-X. Send your payment, request for a credit, or request for a refund with your Form IL-941-X.

## What if I withhold an incorrect amount from my employee’s compensation?

If you withhold an incorrect amount of Illinois Income Tax from an employee’s compensation

- during the **same calendar year**, adjust the amount you withhold from your employee’s future compensation during that year. File Form IL-941-X and complete Part 2.
- during the **next calendar year**, you may **not** correct the error.

### Example:

In July, your employee gives you a new Form IL-W-4 and changes the number of withholding allowances claimed. You continue to withhold using the information on the old Form IL-W-4 for the rest of the year. You discover your oversight when you prepare your employee’s federal Form W-2 in January.

Do not file an amended return. You cannot correct this error. Give your employee three copies of Form W-2 showing the amount of wages paid and the actual amount of Illinois Income Tax withheld. Your employee claims the actual amount of tax withheld from wages on Form IL-1040, Illinois Individual Income Tax Return. If you under-withheld, your employee must pay any resulting underpayment when the income tax return is filed. If you withheld too much, your employee will claim a refund of any resulting overpayment of tax when the income tax return is filed.

## What if I make an error on my federal forms?

If you discover an error on federal Form W-2, W-2G, or any 1099 after you have given the original form to the recipient, you must give the recipient a corrected form. The corrected form must be clearly marked “**Corrected by Employer.**” If the correction results in a change to your withholding tax liability and Form IL-W-3 has already been filed, you must complete Form IL-W-3-X.

Also, if any W-2, W-2G, or 1099 forms are lost or destroyed, you must give the recipient two copies clearly marked “**Reissued by Employer.**”

**Note** We will not acknowledge any W-2, W-2G, or 1099 forms issued either to us or to a recipient if it is illegible or has been altered by hand.

## What records must I keep?

You must maintain a current and accurate record of all persons for whom you withhold Illinois Income Tax. Your records must contain the following information:

- Amounts and dates of all payments subject to withholding income tax
- Names, addresses, and Social Security numbers of persons receiving payments
- Periods of employment, including periods for which compensation was paid while absent due to sickness or injury
- Amounts paid by pay period
- Copies of monthly, quarterly, and annual returns and all statements required to be filed with us
- Copies of all federal Forms W-2, W-2G, and any 1099 issued to recipients
- Current copy of each employee's Federal Form W-4, Employee Withholding Allowance Certificate
- Current copy of each employee's Form IL-W-4, Employee's Illinois Withholding Allowance Certificate
- Current copy of each winner's Form IL-W-4-G, Gambling Withholding Exemption Certificate
- Current copy of each employee's (when applicable) Form IL-W-5-NR, Employee's Statement of Nonresidence in Illinois
- Copies of each Form IL-W-5, Certificate of Residence in Illinois, you are given
- Records of payments for personal services contracts when the income is taxable under Section 1405.2 of the Illinois Income Tax Act
- Records of payments for prizes awarded from contests in Illinois when the income is taxable under Section 1405.3 of the Illinois Income Tax Act

**Note** ➤ **Do not send these forms to us.** Instead, you must keep these records for three years from the due date of the return or the date the return was filed, whichever is later, and provide them to us if we request them.

## What do I need to know about Workers' Compensation?

If you have employees in Illinois, you should be aware that in most circumstances those employees are covered by the Illinois Workers' Compensation Act. You are required to carry workers' compensation insurance on those employees covered by the Act.

Failure to comply with all legal requirements involving workers' compensation insurance may result in a \$10,000 minimum penalty as provided by law.

For more information, please contact your attorney, insurance agent, or the Illinois Industrial Commission (IIC). You can contact the IIC Insurance Compliance Division at (312) 814-5654, or visit the IIC web site at [www.state.il.us/agency/iic/](http://www.state.il.us/agency/iic/).



## Form IL-W-4 Employee's Illinois Withholding Allowance Certificate and Instructions

### Who must complete this form?

If you are an employee, you must complete this form so your employer can withhold the correct amount of IL Income Tax from your pay. The amount withheld from your pay depends, in part, on the number of allowances you claim on this form.

Even if you claimed exemption from withholding on your federal Form W-4, U.S. Employee's Withholding Allowance Certificate, because you do not expect to owe any federal income tax, you may be required to have Illinois Income Tax withheld from your pay. If you are claiming exempt status (see Page 8, IL-700) from Illinois Withholding you must check the exempt status box on the IL-W-4.

**Note:** If you do not file a completed Form IL-W-4 with your employer, if you fail to sign the form or to include all necessary information, or if you alter the form, your employer must withhold Illinois income tax on the entire amount of your compensation, without allowing any exemptions.

### When must I file?

You must file Form IL-W-4 when Illinois Income Tax is required to be withheld from compensation that you receive as an employee. You should complete this form and give it to your employer on or before the date you start working for your employer. You may file a new Form IL-W-4 any time your withholding allowances increase. If the number of your previously claimed allowances decreases, you **must** file a new Form IL-W-4 within 10 days. However, the death of a spouse or a dependent does not affect your withholding allowances until the next tax year.

### When does my Form IL-W-4 take effect?

If you do not already have a Form IL-W-4 on file with this employer, this form will be effective for the first payment of compensation made to you after this form is filed. If you already have a Form IL-W-4 on file with this employer, your employer may allow any change you file on this form to become effective immediately, but is not required by law to change your withholding until the first payment of compensation made to you after the first day of the next calendar quarter (that is, January 1, April 1, July 1 or October 1) that falls at least 30 days after the date you file the change with your employer.

Example: If you have a baby and file a new Form IL-W-4 with your employer to claim an additional exemption for the

Booklet IL-700 (R-12/05)

baby, your employer may immediately change the withholding for all future payments of compensation. However, if you file the new form on September 1, your employer does not have to change your withholding until the first payment of compensation made to you after October 1. If you file the new form on September 2, your employer does not have to change your withholding until the first payment of compensation made to you after December 31.

### How long is Form IL-W-4 valid?

Your Form IL-W-4 remains valid until a new form you have filed takes effect or until your employer is required by the Department to disregard it. Your employer is required to disregard your Form IL-W-4 if you claim total exemption from Illinois income tax withholding, but you have not filed a federal Form W-4 claiming total exemption. Also, if the Internal Revenue Service has instructed your employer to disregard your federal Form W-4, your employer must also disregard your Form IL-W-4. Finally, if you claim 15 or more exemptions on your Form IL-W-4 without claiming at least the same number of exemptions on your federal Form W-4, and your employer is not required to refer your federal Form W-4

to the Internal Revenue Service for review, your employer must refer your Form IL-W-4 to the Department for review. In that case, your Form IL-W-4 will be effective unless and until the Department notifies your employer to disregard it.

### What is an "exemption"?

An "exemption" is a dollar amount on which you do not have to pay Illinois Income Tax. Therefore, your employer will withhold Illinois Income Tax based on your compensation minus the exemptions to which you are entitled.

### What is an "allowance"?

The dollar amount that is exempt from Illinois Income Tax is based on the number of allowances you claim on this form. As an employee, you receive one allowance unless you are claimed as a dependent on another person's tax return (e.g., your parents claim you as a dependent on their tax return). If you are married, you may claim additional allowances for your spouse and any dependents that you are entitled to claim for federal income tax purposes. You also will receive additional allowances if you or your spouse are age 65 or older, or if you or your spouse are legally blind.

### How do I figure the correct number of allowances?

Complete the worksheet on the back of this page to figure the correct number of allowances you are entitled to claim. Give your completed Form IL-W-4 to your employer. Keep the worksheet for your records.

**Note:** If you have more than one job or your spouse works, you should figure the total number of allowances you are entitled to claim. Your withholding usually will be more accurate if you claim all of your allowances on the Form IL-W-4 for the highest-paying job and claim zero on all of your other IL-W-4 forms.

### What if I underpay my tax?

If the amount withheld from your compensation is not enough to cover your tax liability for the year, (e.g., you have non-wage income, such as interest or dividends), you may reduce the number of allowances or request that your employer withhold an additional amount from your pay. Otherwise, you may owe additional tax at the end of the year. If you do not have enough tax withheld from your pay, and you owe more than \$500 tax at the end of the year, you may owe a late-payment penalty. You should either increase the amount you have withheld from your pay, or you must make estimated tax payments.

You may be assessed a **late-payment penalty** if your required estimated payments are not paid in full by the due dates.

**Note:** You may still owe this penalty for an earlier quarter, even if you pay enough tax later to make up the underpayment from a previous quarter.

For additional information on penalties, see Publication 103, Uniform Penalties and Interest. Call **1 800 356-6302** to receive a copy of this publication.

### Where do I get help?

- Visit our web site at **tax.illinois.gov**
- Call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**
- Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**
- Write to  
**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19044**  
**SPRINGFIELD IL 62794-9044**

**Employer:** Keep this certificate with your records. If you have referred the employee's federal certificate to the Internal Revenue Service (IRS) and the IRS has notified you to disregard it, you may also be required to disregard this certificate. Even if you are not required to refer the employee's federal certificate to the IRS, you may still be required to refer this certificate to the Illinois Department of Revenue for inspection. See Illinois Income Tax Regulations 86 Ill. Adm. Code 100.7110.





Illinois Department of Revenue

## IL-W-5 Certificate of Residence in Illinois

### Must I complete this form?

You must complete this form if you are an Illinois resident who performs personal services and the income is taxable under Section 1405.2 of the Illinois Income Tax Act, or receives prizes or awards from a contest conducted entirely in Illinois and the income earned is taxable under Section 1405.3 of the Illinois Income Tax Act.

No further reporting is required under these sections once you complete this certification. Your completed and signed form must be filed with the employing withholding agent.

**Note:** Instead of completing this form, you may file a certificate of in-state residence on any invoice, billing statement, or contest application submitted to the withholding agent.

### Part 1: Recipient's information (completed by recipient)

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Social Security number

\_\_\_\_\_  
Recipient's name

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Street City State ZIP

I declare under penalties of perjury that I am a resident of the state of Illinois.

\_\_\_\_\_  
Recipient's signature

\_\_\_\_\_  
Date

IL-W-5 (R-12/03)

### Part 2: Withholding agent's information

(completed by withholding agent)

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Federal employer identification number

\_\_\_\_\_  
Withholding agent's name

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Street City State ZIP

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is required. Failure to provide information may result in a penalty. This form has been approved by the Forms Management Center. IL-492-0055

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Illinois Department of Revenue

## IL-W-5-NR Employee's Statement of Nonresidence in Illinois

### Must I complete this form?

You must complete Part 1 of this form if you are a resident of Iowa, Kentucky, Michigan, or Wisconsin and elect to claim exemption from withholding of Illinois Income Tax under the reciprocal withholding agreements between Illinois and these states. You must file your completed form with your Illinois employer. If you change your state of residence, you must notify your employer within ten days.

**Note to employers:** You are required to have a copy of this form on file for each employee who is a resident of Iowa, Kentucky, Michigan, or Wisconsin; receives compensation paid in Illinois; and elects to claim exemption from withholding of Illinois Income Tax under the reciprocal withholding agreements between Illinois and these states.

### Part 1: Employee information

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Social Security number

\_\_\_\_\_  
Name

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Street City State ZIP

I declare under penalties of perjury that I am a resident of the state of:

(Check one) ☐ Iowa ☐ Kentucky ☐ Michigan ☐ Wisconsin

\_\_\_\_\_  
Employee's signature

\_\_\_\_\_  
Date

IL-W-5-NR (R-12/03)

### Part 2: Employer information

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Federal employer identification number

\_\_\_\_\_  
Name

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
Street City State ZIP

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is required. Failure to provide information may result in a penalty. This form has been approved by the Forms Management Center. IL-492-0052



## Illinois Department of Revenue

# IL-5754 Statement by Person Receiving Gambling Winnings

### Who must complete this form?

You must complete Form IL-5754 if you receive payment of Illinois lottery or gambling winnings over \$1,000. This form provides a record of who received winnings and to whom the winnings are taxable. The payer will use this information to prepare Form W-2G.

### What if I need additional assistance?

If you need assistance, visit our web site at [tax.illinois.gov](http://tax.illinois.gov); call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**; or call our TDD (telecommunications device for the deaf) at **1 800 544-5304**. Our office hours are 8 a.m. to 5 p.m.

### Step 1: Winnings information (Complete the following information.)

Date of payment \_\_\_\_/\_\_\_\_/\_\_\_\_ Type of winnings \_\_\_\_\_

Total won \_\_\_\_\_ Illinois Income Tax withheld \_\_\_\_\_

Write the Social Security number (SSN) or federal employer identification number (FEIN), name, and address of the person to whom winnings were made payable.

\_\_\_\_\_  
Taxpayer identification number (SSN or FEIN)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City State ZIP

Under penalties of perjury, I declare that to the best of my knowledge and belief the names, addresses, and taxpayer identifying numbers which I have furnished correctly identify me as the recipient of this payment and correctly identify each person entitled to any portion of this payment.

\_\_\_\_\_  
Signature Date

**Note:** Give your completed and signed form to the person who pays you the winnings.

IL-5754 (R-12/05)

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-0045.

----- Cut on broken lines. -----

### Step 2: Who will receive winnings? (Complete the following information for each person receiving winnings.)

**1** \_\_\_\_\_  
Taxpayer identification number (SSN or FEIN) Amount won

\_\_\_\_\_  
Name

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City State ZIP

**2** \_\_\_\_\_  
Taxpayer identification number (SSN or FEIN) Amount won

\_\_\_\_\_  
Name

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City State ZIP

**3** \_\_\_\_\_  
Taxpayer identification number (SSN or FEIN) Amount won

\_\_\_\_\_  
Name

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City State ZIP



## Illinois Department of Revenue

# IL-W-4-G Gambling Withholding Exemption Certificate

### Copy Distribution

White - Winner  
Canary - Payer  
Pink - Dept. of Revenue

### Who must file?

You must complete Step 1 of this form if you are an Illinois resident and have gambling winnings that are subject to federal income tax withholding requirements. This form allows the payer to correctly withhold Illinois Income Tax from your winnings. The amount withheld depends, in part, on the number of allowances you can claim on this form. If you do not furnish this information, the payer will withhold at the full rate of tax from your payment. Complete the Winner's Worksheet to figure your correct exemption allowance.

### Winner's Worksheet

**1** Write the number of allowances you are entitled to claim on Line 1 of Form IL-W-4, Employee's Illinois Withholding Allowance Certificate. **1** \_\_\_\_\_

**2** Write the number of exemptions you previously claimed on Forms IL-W-4 and IL-W-4-G. Otherwise, write "0." **2** \_\_\_\_\_

**3** Subtract Line 2 from Line 1. Do not write less than "0." **3** \_\_\_\_\_

**4** Multiply Line 3 by \$2,000. **4** \_\_\_\_\_

**5** Write the number of allowances you are entitled to claim on Line 2 of Form IL-W-4. **5** \_\_\_\_\_

**6** Multiply Line 5 by \$1,000. **6** \_\_\_\_\_

**7** Add Lines 4 and 6. This is your exemption amount currently available. **7** \_\_\_\_\_

**8** Write the amount of your winnings from this wager. **8** \_\_\_\_\_

**9** Write the smaller of Line 7 or Line 8. **9** \_\_\_\_\_

**10** Subtract Line 9 from Line 8. These are your winnings that are subject to the withholding of Illinois Income Tax. **10** \_\_\_\_\_

**11** Subtract Line 9 from Line 7. This is your exemption amount still available after winnings are paid. **11** \_\_\_\_\_

### Step 1: Winner's information

\_\_\_\_\_  
Social Security number

\_\_\_\_\_  
Winner's name

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City State ZIP

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge it is true, correct, and complete.

\_\_\_\_\_  
Winner's signature Date

**Note: Keep the white copy of this form for your records.**

### Step 2: Payer's information

\_\_\_\_\_  
Payer's name

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City State ZIP

**Note: Keep the canary copy of this form for your records.**

Mail the pink copy to: **ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19024  
SPRINGFIELD IL 62794-9024**

This form is authorized by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-0047

IL-W-4-G (R-12/05)

**Form IL-941** Illinois Quarterly Withholding Income Tax Return and Instructions**General Information****Who must file Form IL-941?**

You must file Form IL-941 if you paid wages, salaries, and gambling winnings (including Illinois lottery) that are subject to withholding. If you have chosen the household employer's method, see Booklet IL-700-H for filing requirements.

**When must I file and pay?**

File Form IL-941 **annually** if you:

- registered for withholding this year **or**
- withheld less than \$500 last year **and** less than \$500 during the current year.

File Form IL-941 **by January 31st** and report all the tax you withheld during the calendar year.

File Form IL-941 **quarterly**

- if you withheld more than \$500 last year **or**
- beginning with the quarter that you accumulate more than \$500 in withholding during the current year.

File Form IL-941 **quarterly even if no tax was withheld** during that quarter (e.g., employees are seasonal workers).

Quarterly Filer Form Due Dates	
Quarter	Due on or before
1st	April 30
2nd	July 31
3rd	October 31
4th	January 31st of the following year

**When must I pay?**

Your withholding income tax payment is due at the time your Form IL-941 is due **unless** your accumulated unpaid withholding income tax amount meets certain thresholds that require additional payments.

**Note:** Unpaid tax withheld is considered to be accumulated at the end of your payroll period.

**How do I pay my withholding tax?**

Send us your payment with Form IL-941 and send us any additional payments on Form IL-501 with each tax payment **unless** you make your payment electronically.

If your previous year's annual tax liability exceeds \$200,000, you are required to make

payments by electronic funds transfer (EFT). We will notify you. EFT participants do not send Form IL-501.

**What if I do not file my return or pay the tax owed by the due date?**

You owe a **late-filing penalty** if you do not file a processable return by the due date, a **late-payment penalty** if you do not pay the tax you owe by the date the tax is due, and a **bad check penalty** if your remittance is not honored by your financial institution. Interest is calculated on tax from the day after the original due date of your return through the date you pay the tax. We will bill you for penalties and interest.

For more information about other penalties that may be imposed, see Publication 103, Uniform Penalties and Interest.

**What must I do to correct an error on a Form IL-941 that I have already filed?**

You must file Form IL-941-X, Amended Illinois Quarterly Withholding Tax Return, to correct an error on a Form IL-941 that you have already filed. **Do not** complete another Form IL-941 for the same quarter. If you do, we will send you a notice.

**Where do I get help?**

- Visit our web site at [tax.illinois.gov](http://tax.illinois.gov)
- Call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**
- Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**
- Write to  
**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19015**  
**SPRINGFIELD IL 62794-9015**

**Step-by-step Instructions**

**Step 1:** Write the quarter ending in the space provided. Write your federal employer identification number (FEIN), business name, and complete address.

**Annual filers:** Complete the quarter ending line with the date for the last day of the year. For example, to file for 2005 year write "12/31/2005" in the space provided.

**Step 2:** Complete Lines 1 through 5.

**Line 1** — Write the amount of wages, salaries, and gambling winnings (including Illinois lottery) that is subject to withholding during the quarter. If you are an annual filer, write the amount that is subject to withholding for the entire calendar year.

**Line 2** — Write the amount of Illinois Income Tax that was required to be withheld from the payment amount shown on Line 1.

**Line 3** — Write the amount you have already sent to us for this tax period. This includes payments remitted with Form IL-501 or by EFT and any credit from the previous Form IL-941.

**Line 4** — If Line 2 is greater than Line 3, subtract Line 3 from Line 2 and write the result. This is the amount you owe. Make your payment payable to "**Illinois Department of Revenue**." Write your FEIN, the quarter to which the payment applies, and the form number "IL-941" on your payment.

**Line 5** — If Line 2 is less than Line 3, subtract Line 2 from Line 3 and write the amount of your overpayment. Include this amount on Line 3 of your next Form IL-941.

**Note:** If you have **permanently** stopped withholding, you must mark the box below Line 5.

**Step 3:** Sign your return. **You must sign** your full name, write your title (e.g., owner, president), and write the date. If you do not, we cannot process your return and we may assess a penalty.

**Mail your return and payment to:**  
**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19447**  
**SPRINGFIELD IL 62794-9447**

See our web site for electronic filing and payment options.

**Payment stub for Form IL-941**

Complete this stub and keep for future reference.

____/____/____ Quarter ended	_____ Amount of payment
_____ Tax withheld	_____ Check number
	____/____/____ Date filed

**IL-941 Illinois Quarterly Withholding Income Tax Return**

Complete all lines.

\_\_\_\_/\_\_\_\_/\_\_\_\_  
Quarter ending

\_\_\_\_\_  
Federal employer identification number

\_\_\_\_\_  
Seq. number

\_\_\_\_\_  
Business name

\_\_\_\_\_  
Number and street address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

Under penalties of perjury, I state that, to the best of my knowledge, this form is true, correct, and complete.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Daytime telephone number

IL-941 (R-12/05) IL-492-0018

Mail to: Illinois Department of Revenue, P.O. Box 19447, Springfield, IL 62794-9447.

Cut on broken lines.





# IL-501 Instructions

## General Information

### Who must use Form IL-501?

You must use Form IL-501 and send a payment **if you accumulate more than \$500** in unpaid income tax by the end of the first or second month of a quarter. Unpaid tax withheld is considered to be accumulated at the **end** of your payroll period. (Due dates vary; see "When is my Form IL-501 payment due?")

Form IL-501 may be used to send a withholding payment required by the Illinois Income Tax Act, Section 710 (Illinois lottery winnings). For detailed information, see Booklet IL-700, Illinois Withholding Tax Guide.

**Note:** Form IL-501 is **not** required if

- you pay electronically, **or**
- you have chosen the household method of withholding (see Booklet IL-700-H, Illinois Household Employer's Tax Guide and Tables, for requirements), **or**
- your total accumulated unpaid income tax withheld was either
  - 1) less than \$500 at the end of any month (use Form IL-941 to send us your payment for the quarter), **or**
  - 2) more than \$500 but not over \$1,000 at the end of the third month of a quarter (use Form IL-941 to send us your payment for the quarter).

You still **must file** Form IL-941, Illinois Quarterly Withholding Income Tax Return, **and** Form IL-W-3, Illinois Annual Withholding Income Tax Return.

### When is my Form IL-501 payment due?

The due date of your form and payment depends on the amount of accumulated unpaid tax withheld as described below.

If your accumulated unpaid tax withheld is

- more than \$500 but not over \$1,000 on the last day of a quarter's first or second month, Form IL-501 and your payment are due on or before the 15th day of the following month (the quarter's second or third month).
- is more than \$1,000 at the end of a quarter-monthly period (*i.e.*, 7th, 15th, 22nd, and

last day of the month), *or* semi-monthly period (*i.e.*, 15th and last day of the month), you must send Form IL-501 and your payment on or before the third banking day following the close of the corresponding quarter-monthly or semi-monthly period.

**Note:** Banking days do not include Saturdays, Sundays, legal holidays, or local bank holidays. Therefore, if the due date falls on a weekend or a holiday, your payment is due the next business day following the weekend or holiday.

### May I pay electronically?

**Yes**, you may pay electronically (no matter how you file Form IL-941) using either of the following methods.

- **EFT** (electronic funds transfer) has two payment options. **ACH credit** instructs your financial institution to transfer funds from your account to ours. **ACH debit** is your instruction to us to take the payment from your account. You must be preregistered on Form EFT-1 and follow specific instructions for each method. For further information about EFT, see Booklet EFT-8, Electronic Funds Transfer Guide.
- **Direct debit** is a payment option available when you file electronically using TaxNet or Federal State Employment Tax (FSET).

**Note:** Some withholding agents are required to pay using EFT. We will notify you if you are required to participate in this program.

For additional EFT information, visit our web site at [tax.illinois.gov](http://tax.illinois.gov); call our EFT staff at 217 782-6257; send a fax to them at 217 524-8282; or write to Electronic Funds Transfer Division, Illinois Department of Revenue, PO Box 19015, Springfield, IL 62794-9015.

### What penalties may be assessed?

You owe a **late-payment penalty** if you are required to make monthly, semi-monthly, or quarter-monthly tax payments and do not do so, or do not pay the required amount by the payment due date. In addition, a **bad check penalty** of \$25 will be assessed if you send a remittance to the department that is not

honored by your financial institution. This penalty will be assessed in addition to any other penalty. For more information about penalties and interest, see Publication 103, Uniform Penalties and Interest.

### Where do I get help?

- Visit our web site at [tax.illinois.gov](http://tax.illinois.gov)
- Call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**
- Call our TTY at **1 800 544-5304**
- Write to  
ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19015  
SPRINGFIELD IL 62794-9015

## Step-by-step Instructions

**Step 1:** Write the tax year in the space provided and write an "X" in the appropriate box to indicate which quarter you are paying. Write your federal employer identification number (FEIN), business name, and complete address.

**Step 2:** Write the amount you are paying.

**Step 3:** Make your remittance payable to "Illinois Department of Revenue." Write your FEIN, the quarter to which the payment applies, and the form number "IL-501" on your remittance.

Mail your Form IL-501 and payment to:

**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19447**  
**SPRINGFIELD IL 62794-9447**

### Do not file IL-501

- showing a blank or zero amount, or
- if you make payment electronically.

### Payment stub for Form IL-501

Complete this stub and keep for future reference.

____/____/____	
Quarter ended	Amount of payment
Tax withheld	Check number
	____/____/____
	Date filed



## IL-501 Illinois Withholding Income Tax Payment

Complete the following information.

Tax year \_\_\_\_\_

Federal employer identification number \_\_\_\_\_

Seq. number \_\_\_\_\_

Business name \_\_\_\_\_

Number and street address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Daytime phone \_\_\_\_\_

IL-501 (R-12/05) IL-492-0053

Write an "X" in the box to indicate which quarter you are paying.

**1** ☐  
Jan  
Feb  
Mar

**2** ☐  
Apr  
May  
June

**3** ☐  
July  
Aug  
Sept

**4** ☐  
Oct  
Nov  
Dec



Amount paid: \$ \_\_\_\_\_

Make remittance payable to "Illinois Department of Revenue."

Mail to: **ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19447**  
**SPRINGFIELD IL 62794-9447**

Cut on broken lines.



**Form IL-W-3** Illinois Annual Withholding Income Tax Return and Instructions**General Information****Who must file Form IL-W-3?**

You must file Form IL-W-3 if you are required to withhold Illinois Income Tax from payments you make to recipients (e.g., employees, winners).

**Household employers:** You may not need to file Form IL-W-3 for your household employees. See Booklet IL-700-H, Illinois Household Employer's Tax Guide and Tables, for more information about filing requirements.

**When must I file?**

You must file Form IL-W-3 by February 28th following the calendar year you were required to withhold income tax.

Form IL-W-3 is a reconciliation of the previous year's withholding that you reported on all W-2, W-2G, 1099, and IL-941 forms.

**Must I send any information with this form?**

No. You are **not** required to send any attachments with Form IL-W-3. **Do not send any W-2, W-2G, or 1099 forms, or any list of Illinois Income Tax withheld with your completed and signed Form IL-W-3.** However, you must maintain all W-2, W-2G, and 1099 records for three years and provide them to us if we request. If you report withholding for more than 250 employees in Illinois, you must provide the data, **when requested**, on a computer-produced magnetic tape or diskette. For more information, see Publication 110, IL-W-2 Requirements.

**What penalties may be imposed?**

You owe a **failure to file correct information returns penalty** if you do not file a

correct information return by the original due date of the return. This penalty is \$5 for each return or statement you fail to file timely. This penalty may be assessed up to a total of \$25,000 during any calendar year. If you file your return within 60 days of the due date, the penalty may be reduced by 50 percent.

**Where do I get help?**

- Visit our web site at **tax.illinois.gov**.
- Call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**
- Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**
- Write to  
**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19015**  
**SPRINGFIELD IL 62794-9015**

**Step-by-step Instructions**

**Step 1:** Write the tax year ending in the space provided. Write your federal employer identification number (FEIN), business name, and complete address. Follow the line-by-line instructions on the form for Lines 1 through 4.

**Note about Line 2:** Write the amount of Illinois Income **Tax withheld** and reported on all Forms W-2, W-2-G, and 1099. Do not report wages on the Form IL-W-3, Line 2.

**Step 2:** Compare Lines 2 and 4. If they are not the same figure, you must correct or explain the difference by filing Form IL-941-X, Amended Quarterly Illinois Withholding Tax Return. File one Form IL-941-X for each quarter with a discrepancy. If you underpaid, you must send a payment for the underpaid amount along with your Form IL-941-X.

**Do not include an amended form or any payment with Form IL-W-3.** Instead, mail Form IL-941-X with your payment, if required, in a separate envelope to the address on Form IL-941-X.

**Step 3:** Sign your full name, write your title (e.g., owner, president), and write the date.

**Step 4:** Mail your completed and signed Form IL-W-3 to

**ILLINOIS DEPT OF REVENUE**  
**PO BOX 19024**  
**SPRINGFIELD IL 62794-9024**

**Filing stub for Form IL-W-3**

Complete this stub and keep it for future reference.

\_\_\_\_\_  
Tax year ended

\_\_\_\_\_  
Number of W-2s

\_\_\_\_\_  
Tax withheld

\_\_\_\_\_  
Date filed

-----  
Cut on broken lines.

**IL-W-3** Illinois Annual Withholding Income Tax Return

(R-12/05)  
IL-492-0019

Complete the following information.

\_\_\_\_\_  
Tax year

\_\_\_\_\_  
Federal employer identification number      Seq. number

\_\_\_\_\_  
Business name

\_\_\_\_\_  
Number and street address

\_\_\_\_\_  
City      State      ZIP

**Mail to: ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19024**  
**SPRINGFIELD IL 62794-9024**

**Complete Lines 1 through 4. Report the totals for the year.**

- 1 Number of W-2, W-2G, and 1099 forms issued **1** \_\_\_\_\_
- 2 Total **Illinois Income Tax withheld** and reported on all W-2, W-2G, and 1099 forms **2** \_\_\_\_\_
- 3 Line 2 from Form IL-941 for each quarter
 

<b>1st quarter</b>	<b>3a</b>	_____
<b>2nd quarter</b>	<b>3b</b>	_____
<b>3rd quarter</b>	<b>3c</b>	_____
<b>4th quarter</b>	<b>3d</b>	_____
- 4 Add Lines 3a through 3d and write the total here. **4** \_\_\_\_\_

**Note:** If Lines 2 and 4 do not match, you must file Form IL-941-X.

**Do not send a payment or any W-2, W-2G, or 1099 forms with this return.**

Under penalties of perjury, I state that, to the best of my knowledge, this form is true, correct, and complete.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date







Illinois Department of Revenue

# IL-941-X Amended Illinois Quarterly Withholding Tax Return

## Read this information first.

You must complete this form to report corrections to Form IL-941.

### When is Form IL-941-X due?

You should report your increases in your tax due as soon as possible to minimize penalties and interest. If your change decreases your tax due, you must file Form IL-941-X no later than

- three years after the 15th day of the 4th month following the close of the calendar year in which the tax was withheld, or
- one year after the date the tax was paid.

### Which parts must I complete?

Everyone must complete Steps 1, 3, and 4 to report changes to any amounts reported previously on Form IL-941. Complete Step 2 only if you are making changes to tax withheld from payments to a recipient.

### What if I need additional assistance?

If you need assistance, visit our web site at [tax.illinois.gov](http://tax.illinois.gov); call our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336; or call our TDD (telecommunications device for the deaf) at 1 800 544-5304. Our office hours are 8 a.m. to 5 p.m.

## Step 1: Complete the following account information.

Business name \_\_\_\_\_

Federal employer identification number \_\_\_\_\_

Sequence number \_\_\_\_\_ Tax year Qtr. \_\_\_\_\_

Owner(s) \_\_\_\_\_

Are you a sole proprietor? ☐ yes ☐ no

If you answered "yes," write

your Social Security number \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Number and street \_\_\_\_\_

Is this a new address? ☐ yes ☐ no

City \_\_\_\_\_

State \_\_\_\_\_

ZIP \_\_\_\_\_

( ) - \_\_\_\_\_

Daytime telephone number \_\_\_\_\_

## Step 2: Complete recipient information. (Complete only if you are making changes to taxes withheld from payments to a recipient.) Complete Columns A through E to correct withholding errors in the **current year** only. See Booklet IL-700, Illinois Withholding Tax Guide.

Column A Recipient's Social Security number	Column B Recipient's name and state of residency	Column C Amount reported previously on W-2, W-2G, and 1099 forms	Column D Net change increase (decrease)	Column E Corrected amount
1 _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**Note:** If you need additional space, attach a sheet which follows the format above.

2 Add Columns C and D and write the result. \_\_\_\_\_

2 \_\_\_\_\_

3 Add Column D, and write the result here and on Step 3, Line 6, Column B. \_\_\_\_\_

3 \_\_\_\_\_

4 Were W-2-Cs issued? ☐ yes ☐ no If "yes," write the date the W-2-Cs were issued. \_\_\_\_\_

4 \_\_\_\_\_

Month / Day / Year

## Step 3: Figure your correct withholding.

5 Write the amount of compensation and gambling winnings (including Illinois lottery winnings) subject to withholding. \_\_\_\_\_

5 \_\_\_\_\_

6 Write the total Illinois Income Tax required to be withheld. (If applicable, complete Step 2 before you write an entry.) \_\_\_\_\_

6 \_\_\_\_\_

7 Write the total amount of payments (*i.e.*, EFT, Form IL-501, and Form IL-941) plus any credit or overpayment from a previous quarter. \_\_\_\_\_

7 \_\_\_\_\_

8 If Line 6, Column C, is more than Line 7, Column C, write the difference. \_\_\_\_\_

This is the amount of tax you owe. Make your remittance payable to "Illinois Department of Revenue." \_\_\_\_\_

8 \_\_\_\_\_

**Note:** You may be assessed penalties and interest if this amended return is filed after the due date of your original Form IL-941. If so, we will send you a notice.

9 If Line 6, Column C, is less than Line 7, Column C, write the difference. This is the amount of your overpayment. \_\_\_\_\_

9 \_\_\_\_\_

You must answer the following questions.

a Do you want your overpayment applied to a subsequent quarter? ☐ yes ☐ no If "yes," write the year and quarter. \_\_\_\_\_ / \_\_\_\_\_

b Do you want your overpayment to be refunded to you? ☐ yes ☐ no

Year Quarter

**Note:** If you have an unpaid liability, your overpayment will be applied to that liability. Any remaining overpayment will be applied as you specified on Lines 9a or 9b.

10 Write a **detailed explanation** of your changes (*e.g.*, Step 3, Line 5, Column B, is a decrease in wages and tax previously reported for this quarter).

## Step 4: Sign below

Under penalties of perjury, I state that I have examined this form and, to the best of my knowledge, it is true, correct, and complete.

Authorized signature (full name) \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Daytime telephone number \_\_\_\_\_

Mail this return to: Illinois Department of Revenue, P.O. Box 19007, Springfield, IL 62794-9007

**IL-W-3-X Amended Annual Illinois Withholding Tax Return****Read this information first.**

You must file Form IL-W-3-X to amend your previously filed Form IL-W-3, Annual Illinois Withholding Tax Return. You must correct or explain the difference for each quarter that a discrepancy exists.

**Which parts must I complete?**

Everyone must complete Parts 1, 3, and 4. You must write your federal employer identification number, business name, owner's name, business address, and a telephone number where you may be reached during the

day. You must complete Part 2 to report changes to amounts reported previously on your employees' or recipients' W-2, W-2G, or 1099 forms.

**What if I need additional assistance?**

If you need assistance, visit our web site at **tax.illinois.gov**; call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**; or call our TDD (telecommunications device for the deaf) at **1 800 544-5304**. Our office hours are 8 a.m. to 5 p.m.

**Part 1: Complete the following account information.**

Business name	Federal employer identification number	Sequence number	Tax year
Owner(s)	Are you a sole proprietor? <input type="checkbox"/> yes <input type="checkbox"/> no	If you answered "yes," write your Social Security number - - - - -	
Number and street	Is this a new address? <input type="checkbox"/> yes <input type="checkbox"/> no		
City	State	ZIP	
( ) -			
Daytime telephone number			

**Part 2: Complete recipient information.** (Complete only if you are making changes to taxes withheld from payments to a recipient.)

Write the recipient's Social Security number, name, and state of residency. If you have not obtained the original Form W-2 from the recipient, write an "X" after the name in Column 1B. If you are amending a recipient's reported withholding for more than one quarter, make a separate entry for each quarter. If you are making other types of corrections, write "other" in Column 1A and attach a full explanation of changes. You must also attach copies of all corrected Forms W-2, W-2G, and 1099.

Column A Recipient's Social Security number	Column B Recipient's name and state of residency	Column C Quarter (1st, 2nd, 3rd, 4th)	Column D Amount previously reported on W-2, W-2G, and 1099 forms	Column E Net change increase (or decrease)	Column F Corrected amount
1					

**Note:** If you need additional space, attach a sheet which follows the format above.

2 Add Column E and write the result here and on Part 3, Line 4, Column B.

2

**Part 3: Figure your correct withholding.**

	Column A Amount previously reported	Column B Net change - increase (or decrease)	Column C Corrected amount
3 Write the number of W-2, W-2G, and 1099 forms you issued.	3		
4 Write the total Illinois Income Tax withheld and reported on all W-2, W-2G, and 1099 forms. (If applicable, complete Part 2 first.)	4		
5 Amounts previously reported on Line 2 of your Form IL-941	5a		
1st quarter	5b		
2nd quarter	5c		
3rd quarter	5d		
4th quarter	6		
6 Add Lines 5a, 5b, 5c, and 5d.			
7 Write the total withholding previously reported from Column A, Line 6.			7
8 Compare Column C, Line 6 and Line 7. Write the difference. <b>Do not send any payments, or request a refund with this form.</b>			8

**Note:** You must complete a separate Form IL-941-X for each quarter you are changing.

**Part 4: Sign below**

Under penalties of perjury, I state that I have examined this form and, to the best of my knowledge, it is true, correct, and complete.

Authorized signature (full name)	Title	Date	( ) - Daytime telephone number
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**Do not send** your original list of Illinois Income Tax withheld or original W-2, W-2G, or 1099 forms. Instead, keep these forms in your records for three years and provide them to us **only** if we request them. Only send copies of the corrected W-2, W-2G, and 1099 forms with this return. **Do not send any payments or request a refund with this return.**

**Mail this return to: Illinois Department of Revenue, P.O. Box 19007, Springfield, IL 62794-9007**

**CBS-1 Notice of Sale or Purchase of Business Assets****General information**

You (or the purchaser or the transferee) must complete this form if, outside your usual course of business, you sell or transfer the major part of

- the stock of goods that you are in the business of selling,
- the furniture or fixtures,
- the machinery and equipment, or
- the real property of your business.

Complete all information and attach a copy of the sales contract and financing agreement.

If you need additional information, you may call our Chicago office weekdays between 8:30 a.m. and 5:00 p.m. at 312 814-3063.

Mail your completed form and a copy of the sales contract and financing agreement to:

**BULK SALES UNIT  
ILLINOIS DEPARTMENT OF REVENUE  
100 WEST RANDOLPH LEVEL 7-400  
CHICAGO IL 60601**

You may fax your form and sales contract to us at 312 793-3841.

**Part 1: Identify the business being sold and the registration numbers**

**1** \_\_\_\_\_  
Business name

**2** \_\_\_\_\_  
Street address

\_\_\_\_\_  
Street address (if needed)

\_\_\_\_\_  
City State ZIP

**3** \_\_\_\_\_  
Illinois business tax number (IBT no.)

**4** \_\_\_\_\_  
Federal employer identification number (FEIN) Seq. number

**5** \_\_\_\_\_  
Social Security number

**6** Are you required to pay any excise taxes? ☐ Yes ☐ No  
Excise tax number \_\_\_\_\_

**Part 2: Identify the seller**

**7** \_\_\_\_\_  
Seller's name

**8** \_\_\_\_\_  
Seller's home or mailing address

\_\_\_\_\_  
City State ZIP

**9** ( ) \_\_\_\_\_  
Seller's daytime phone number

**10** ( ) \_\_\_\_\_  
Name of seller's attorney Daytime phone number

**11** \_\_\_\_\_  
Address of seller's attorney

**Part 3: Identify the purchaser**

**12** \_\_\_\_\_  
Purchaser's name

**13** \_\_\_\_\_  
Purchaser's home or mailing address

\_\_\_\_\_  
City State ZIP

**14** \_\_\_\_\_  
Purchaser's IBT no. and FEIN

**15** ( ) \_\_\_\_\_  
Name of purchaser's attorney Daytime phone number

**16** \_\_\_\_\_  
Address of purchaser's attorney

**Part 4: Describe the terms of sale**

**17** Date business was sold or is to be sold. \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year

**18** Write the selling price of the business. \$ \_\_\_\_\_

**19** Was the entire business sold?  
☐ Yes  
☐ No (If "No," you must complete Line 20.)

**20** Are the seller's registration numbers with the department to remain active?  
☐ Yes  
☐ No (If "No," write the date to be discontinued.)  
Effective date \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year

**21** Terms of sale. Write an "X" in the appropriate box, and provide additional information as requested.

- ☐ Cash sale
- ☐ Contract sale. Complete the following information:
- Amount of down payment \$ \_\_\_\_\_
  - Amount of monthly payment \$ \_\_\_\_\_
  - Date last payment is due \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year

- ☐ Conventional financing
- ☐ Other (specify) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Part 5: Sign below**

**22** ( ) \_\_\_\_\_  
Print or type the name of person submitting this form Daytime phone number

**23** \_\_\_\_\_  
Mailing address of person submitting this form

\_\_\_\_\_  
City State ZIP

**24** \_\_\_\_\_  
Signature of person submitting this form Date

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## Where to Get Help

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If you would like to write to us about your tax questions, send to: Illinois Department of Revenue, P.O. Box 19044, Springfield, Illinois 62794-9044. If you need help completing your return, you may visit, or call one of our Illinois Department of Revenue offices Monday through Friday.

**WILLARD ICE BUILDING  
101 W JEFFERSON STREET  
SPRINGFIELD IL 62794-9044**

**Office hours: 8:00 a.m. until 5:00 p.m.**

**JAMES R THOMPSON CENTER  
100 W RANDOLPH STREET  
CONCOURSE  
CHICAGO IL 60601-3274**

**Office hours: 8:30 a.m. until 5:00 p.m.**

Our taxpayer assistance numbers are **1 800 732-8866** or **217 782-3336**. Our TDD (telecommunications device for the deaf) number is **1 800 544-5304**. If you prefer, you may visit our web site at **tax.illinois.gov** or write us at the address below.

If you have questions or need more information about other tax matters not related to this return, send us your inquiry in writing on a separate sheet of paper. Your written inquiry must include your name and address, your FEIN, the tax type, the tax year in question, and a description of the error or question. Send inquiries to

**ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19044  
SPRINGFIELD IL 62794-9044**

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## Where to Get Forms

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If you need additional forms, you may

- visit our web site at **tax.illinois.gov**.
- call our 24-hour Forms Order Line at **1 800 356-6302**.
- write to **Illinois Department of Revenue, P.O. Box 19010, Springfield, IL 62794-9010**.
- visit banks, libraries, or any taxpayer assistance offices listed above or regional offices listed below.

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### Illinois Regional Offices

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Maine North Regional Building  
9511 Harrison Street FA203  
Des Plaines, IL 60016-1563

2309 West Main  
Suite 114  
Marion, IL 62959-1196

200 South Wyman Street  
Rockford, IL 61101-1237

15 Executive Drive  
Suite 2  
Fairview Heights, IL 62208-1331

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### Out-of-State Regional Office

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Century Plaza  
45 Eisenhower Drive  
Suite 2  
Paramus, NJ 07652-1416

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## Where to Get Federal Tax Publications

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The Internal Revenue Service (IRS) produces many publications to help you answer questions and fill out your tax return. You may order IRS publications by calling the IRS toll-free at **1 800 829-3676**.

